



CALL TO DUTY
BOOTS ON THE GROUND

ARMY ASSESSMENT OF GENERAL ACCOUNTABILITY OFFICE REPORT: “Defense Acquisitions: Key Decisions to be made on Future Combat Systems,” March 2007

Summary: The GAO Report is History. It is Rooted in the Past, Not the Present.

Army Modernization strategy and Future Combat Systems (FCS) are focused on the conflicts we face today and the kinds of wars we see in the future. FCS, as a program of record, is as transformational as the technology that it is producing.

FCS is the Army's first major modernization initiative in decades and the Army's most critical investment requirement. The Army's innovative and successful modernization strategy speeds up the procurement process, gets new capabilities to the Soldiers sooner, and avoids the standard bureaucratic delays typically associated with technology development.

Critics, including the GAO, analyze FCS through the prism of antiquated procurement practices, which oftentimes don't apply to FCS. They mistakenly project past procurements onto FCS. But the Army structured FCS differently precisely to avert the problems that have plagued past weapons acquisition programs.

A Conflict of Visions: Traditional versus Innovative Procurement

Technology advances and proliferates too quickly. Soldiers in harm's way cannot afford to endure our standard bureaucratic processes. They need new capabilities, fielded quickly, to stay ahead of our adaptive and resourceful enemy.

Disagreement.

The Army and the GAO disagree about what constitutes a sound business case for a 21st Century weapons system acquisition program. The GAO recommends a traditional procurement approach, which proceeds in separate and distinct, sequenced phases. The problem with this approach is that it can result in fielding technologically obsolete equipment. Systems are fielded decades later with earlier-generation technologies fixed in the initial program design phase.

Overcoming Technological Obsolescence.

To avert the problem of technological obsolescence, and to ensure Soldiers have the best capabilities possible, the Army has adopted an innovative procurement approach. This approach involves the concurrent development of FCS technologies, production prototypes, and systems development and demonstration work.

Early Fielding.

The Army's approach promotes the early fielding of essential capabilities, so Soldiers don't have to wait decades for new equipment. In fact, precursor FCS technologies already are saving Soldiers' lives in Iraq and Afghanistan; and initial FCS capabilities will be delivered to Soldiers in 2008. Moreover, the Army's innovative approach will produce weapons systems that are designed to accommodate technological upgrades on an expeditious “plug-and-play” basis.

Understanding the GAO Report

The FCS has met all Army cost, schedule and performance criteria, despite suffering budget cuts of more than \$800 million in the past three years. These budget cuts will delay the development and delivery of essential capabilities to our Soldiers.

1. The GAO measures risks, not results.

GAO officials are embedded into the FCS program. They are tasked with casting a critical eye on *all* military procurements. Their job is to identify programmatic and cost concerns, which may or may not manifest themselves. Thus far, potential problems identified by the GAO have *not* materialized on the FCS program because of Army-industry management, teamwork and GAO involvement. The Army understands and is well managing FCS development risk.

2. Risk is necessary for military-technological progress.

The Army's goal is to procure new leap-ahead capabilities that will better empower and protect Soldiers against an adaptive and resourceful enemy who is not standing still. Achieving this goal necessarily involves pushing the technological envelope and the boundaries of engineering science. For technology development, risk is not bad; it is good. For without assuming development risk, there can be no military-technological progress.



3. The GAO acknowledges that the Army has identified, and is managing well, FCS development risk.

Risk is an inherent and unavoidable part of technology development. What matters is whether this risk is reasonable, calculated, identifiable, and well managed. For FCS, the answer to all these questions is absolutely yes.

The Army-industry team has identified hundreds of potential risks, while implementing scores of ongoing risk mitigation plans to address potential problems. “The Army’s progress in FCS technology is notable,” admits the GAO. “There has been no significant slippage to date on the initial increments of software.”

The Army-industry team is reducing risk in the following ways:

- **Developing 14 systems concurrently in integrated fashion** permits design and development efficiencies and systems commonality. Developing 14 separate and distinct systems would be more complex, time consuming and risky.
- **Using a Lead Systems Integrator (LSI)** reduces complexity and integrates all 14 systems via the network.
- **Adopting an incremental approach to development** apportions risk and makes risk more manageable.
- **Employing new engineering design tools with computer-based simulation.** This permits greater design experimentation, innovation and turn-around time than was available even five or 10 years ago.
- **Extensive Soldier testing.** No FCS technology will be produced until it has been tested and vetted by Soldiers.

4. Real program risk stems from recent and ongoing Congressional FCS budget cuts.

Despite its stellar record of performance, the FCS program has sustained three consecutive annual budget cuts from Congress totaling more than \$800 million. This translates into roughly a 10% annual budget cut. An additional \$3.4 billion has since been cut from the program to accommodate Army budgetary constraints. FCS budget cuts are forcing the Army to do more with less, thereby delaying the delivery of essential capabilities to Soldiers and weakening our nation’s defense.

Specific GAO Criticisms: Why They are Misplaced

The GAO erroneously says the FCS program lacks:

1. Firm Requirements.

FCS requirements are well defined; however, they are sufficiently flexible to adjust to Soldier feedback, testing and lessons learned from current operations. The Army and the GAO fundamentally disagree about how rigid program requirements should be at this stage of development.

2. Mature Technologies.

The GAO and the Department of Defense (DoD) employ different standards for technology readiness. The Army believes the Defense Department’s standard is more appropriate because it expedites procurement and helps to mitigate technological obsolescence problems. More than 80% of critical FCS modernization technologies are mature in accordance with DoD standards; by October 2008, *all* critical technologies will have reached this standard.

3. A Sound Acquisition Strategy.

FCS is acquisition reform; it breaks the single-system stovepipe procurement paradigm to ensure our Soldiers receive essential capabilities in a timely fashion. The Army’s innovative acquisition strategy is working.

4. Stable and Sustainable Program Costs.

FCS costs have been consistent; they increased in 2004 only because the Army increased the size and scope of the program. In 2007, moreover, FCS costs were reduced from \$120 billion to \$113 billion (FY03 constant dollars) over a two-decade period to accommodate Army budgetary constraints.

Some independent cost estimates are higher because they include budgetary items—such as personnel and lifecycle costs—that exist with or without FCS. These independent cost estimates also are based on past procurement programs and practices. But with FCS, the Army has embraced a fundamentally different procurement paradigm that is designed to contain costs.

Conclusion

Future technologies are maturing according to plan; they are sufficiently mature to support the current and future force.

The GAO does a good job of identifying FCS program risks, which are real but manageable. But because the GAO is wedded to the past, it fails to appreciate the innovative nature of FCS procurement and how this innovation is helping to avert a repeat of past procurement failures. In reality, the Army is successfully executing its FCS modernization strategy—on cost and on schedule—to safeguard this nation’s strength, and to ensure that our Soldiers have the capabilities which they require in the 21st Century.